

CLIMATE CHANGE

Voluntary Early Actions Update

**California Air Resources Board
February 28, 2008**

AB 32 Approaches to GHG Emission Reductions

- AB 32 directs ARB to address greenhouse gas (GHG) emissions by:
 - Adopting mandatory reporting regulations
 - Publishing a list of early actions
 - Developing the Scoping Plan as the vision for reaching the 2020 goal
 - Encouraging/quantifying voluntary early actions

AB 32 Encourages Voluntary Early Reductions

- AB 32 directs ARB to design regulations in a matter that encourages early action to reduce GHG emissions
- (H&S Code §38562(b)(1))
- ARB is to ensure that entities that have voluntarily reduced their GHG emissions prior to 2012 receive appropriate credit for early voluntary reductions
- (H&S Code §38562(b)(2))
- ARB is to adopt methodologies for the quantification of voluntary greenhouse gas emission reductions
- (H&S Code §38571)

Need for Early Action

- Early actions to reduce GHGs are critical
 - Board approved 44 early action measures expected to reduce GHG emissions by 43 MMT
- Voluntary early actions also important
 - Can provide substantial additional reductions
 - Help show what reductions are possible and in which sectors
 - Establish momentum for further reductions

Stakeholder Concerns

- Stakeholders state that uncertainty is inhibiting voluntary early action
- Two distinct issues:
 - Uncertainty as to how voluntary actions will be treated is keeping some entities from taking action at their own facilities
 - Uncertainty as to how the program will quantify and credit near term voluntary reductions is causing other entities to avoid investment in outside projects

Addressing Voluntary Actions

- In October 2007, staff discussed with the Board possible avenues for addressing voluntary early actions
 - Policy statement on treatment of early voluntary reductions
 - Solicitation of voluntary reduction protocols and projects
- Board directed staff to return with recommendations

Review of Voluntary Actions Approach

- Staff has reviewed options internally and with stakeholders
 - Circulated for public comment a draft policy statement addressing voluntary early action
 - Informally shared ideas for soliciting voluntary protocol and project proposals

The Draft Policy Statement

- Focused on encouraging voluntary actions now, while Scoping Plan is in preparation
- Reinforces AB 32 provisions by:
 - Encouraging voluntary early reductions of GHG emissions
 - Ensuring that voluntary reductions of GHG emissions are recognized in program design, and
 - Ensuring that any credits provided for voluntary early actions are based on emission reductions that are real, permanent, quantifiable, verifiable, enforceable and additional

Comments on the Draft Policy Statement

- The draft policy statement was reviewed by stakeholders
- ARB has received 17 comments
- Main issues raised
 - Additionality
 - Prior action
 - Regulatory issues and barriers
 - Need for quantification methodologies for projects or protocols

Addressing Comments on the Draft Policy Statement

- **Additionality**
 - This important criterion has been added
- **Prior action**
 - Policy statement is intended to encourage new actions on a going-forward basis
 - Past reductions (e.g. prior to AB 32) will be addressed in the Scoping Plan
- **Regulatory issues and barriers**
 - These issues need full consideration, and will be addressed in the Scoping Plan
- **Quantification methods**

Voluntary Early Projects

- ARB encourages proposals for voluntary early GHG emission reductions
- Proposals must include adequate documentation on key elements, including quantification method
- ARB staff would review methodology and confirm the technical soundness of the proposed method
- Executive Officer would be delegated to confirm the quantification methodology

Voluntary Early Projects (cont.)

- ARB confirmation does not address credits under the Climate Change Program
- Appropriate credit determined following ARB adoption of verification regulation, and as part of measure adoption
- ARB will work with CCAR to develop a process for recording emission reductions

Revised Policy Statement

- The revised policy statement commits ARB to:
 - Work with the California Climate Action Registry to develop a process for recording voluntary emission reductions
 - Review proposed quantification methodologies for voluntary GHG emission reductions
 - Where appropriate, ARB will issue an Executive Order to confirm the technical soundness of the methodologies.
 - Work with the South Coast Air Quality Management District and other local air districts to promote development of quantification methodologies and protocols
- Also states the intention of the Board and ARB staff to implement AB 32 in a manner that ensures recognition of actions taken to reduce greenhouse gas emissions after the enactment of AB 32



Thank You

- Questions or Comments?